

## Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 258837

73

ORIGIN COME-00

INFO OCT-01 EUR-12 ISO-00 SP-02 AID-05 EB-07 NSC-05 RSC-01

CIEP-01 TRSE-00 SS-15 STR-01 OMB-01 CEA-01 AGR-05

SWF-01 XMB-02 CIAE-00 DODE-00 PM-03 H-01 INR-05 L-02

NSAE-00 PA-01 PRS-01 USIA-06 /079 R

66619

DRAFTED BY COM/BEWT/EE:JTREICHEL:BFC

APPROVED BY EUR:JAARMITAGE

COM/BEWT/EE:RDSERVERANCE

COM/BEWT/OEWTD0

CSRABRAHAMSON

EUR/EE:WSSHEPARD

EB/EWT:MLORIMER

CIEP:DEVANS

TREAS:ERENDALL

AGRIC:GSBROWN

----- 082759

P 230010Z NOV 74

FM SECSTATE WASHDC

TO AMEMBASSY BUDAPEST PRIORITY

LIMITED OFFICIAL USE STATE 258837

E.O.11652:NA

TAGS: BEXP PFOR HU

SUBJECT: SUMMARY OF WASHINGTON PORTION OF BIRO VISIT

1. BEGIN SUMMARY. BIRO AND PARTY CONCLUDED WASHINGTON MEETINGS NOVEMBER 20 AND APPEARED PLEASED WITH THE PROGRAM. OFFICIALS MET INCLUDED SECRETARIES DENT, SIMON, AND BUTZ, ACTING SECRETARY INGERSOLL, THE PRESIDENT'S DEPUTY SPECIAL TRADE REPRESENTATIVE MALMGREN, ASSOCIATE DIRECTOR OF OMB FRANK ZARB, AND SENATORS INOUE, CANNON, AND MOSS. TONE OF MEETINGS WAS CORDIAL. HUNGARIANS STRESSED NEED FOR LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 258837

MFN AND CREDITS AND URGED PROMPT PASSAGE OF TRADE BILL.

HIGHLIGHTS OF MEETINGS FOLLOW. END SUMMARY.

2. COMMERCE. AT NOVEMBER 19 MEETING SECRETARY DENT AND BIRO NOTED THAT TRADE BETWEEN U.S. AND HUNGARY HAS CONTINUED TO EXPAND AND IS HEADED FOR ANOTHER RECORD YEAR. SECRETARY DENT GAVE BIRO REPORT ON STATUS OF TRADE REFORM BILL IN CONGRESS AND EXPRESSED HOPE THAT BILL WOULD BE PASSED IN CURRENT SESSION. DENT STATED THAT IF CONGRESS PROVIDES MFN AUTHORIZATION, U.S. WILL NEGOTIATE WITH SOCIALIST COUNTRIES IN ORDER OF COMMITMENTS MADE, I.E. SOVIET UNION FIRST, FOLLOWED BY ROMANIA AND THEN HUNGARY AND OTHER EE COUNTRIES.

3. BIRO RESPONDED BY STRESSING URGENCY OF EARLY SETTLEMENT OF MFN ISSUE. BIRO POINTED OUT THAT HUNGARY WOULD BE UNABLE TO INCLUDE PURCHASES FROM U.S. FIRMS IN NEW FIVE YEAR PLAN CURRENTLY BEING PREPARED, UNLESS MFN PROBLEM WAS SOLVED SOON. HE MADE PITCH FOR SIMULTANEOUS NEGOTIATIONS WITH HUNGARY AND ROMANIA, SAYING HE WAS AFRAID IF ROMANIA CAN FIRST, U.S. WOULD TRY APPLY ROMANIAN SETTLEMENT TO HUNGARY. SECRETARY DENT REITERATED CHRONOLOGICAL SEQUENCE CITED ABOVE AND STRESSED THAT U.S. WOULD TAKE NEGOTIATIONS WITH EACH COUNTRY ON A CASE-BY-CASE BASIS.

4. BUSINESS FACILITATION ISSUES ALSO DISCUSSED, WITH U.S. SIDE EXPRESSING SATISFACTION AT NEW FOREIGN TRADE LAW. ON DOW APPLICATION FOR OFFICE IN BUDAPEST BIRO INDICATED IT WOULD BE CONSIDERED ON ITS MERITS AND NOT BE TIED TO MFN ISSUE. HE STRESSED THAT OPENING OF FOREIGN OFFICES WOULD HAVE TO BE IN HUNGARIAN INTEREST. TRADE DEVELOPMENT ALSO COVERED AND BIRO STATED THAT IN NEXT FIVE-YEAR PLAN PERIOD HUNGARY WOULD SPEND DOLS 1.5 TO 3 BILLION ON MACHINERY PURCHASES FROM CONVERTIBLE AREA, DEPENDING UPON FINANCING POSSIBILITIES. BIRO PROMISED TO PROVIDE SECRETARY LIST OF INDUSTRIAL AREAS WHERE U.S. FIRMS COULD CONTRIBUTE IN NEXT FIVE-YEAR PLAN. ALTHOUGH BIRO STRESSED IMPORTANCE OF CREDIT, HE DISPARAGED UTILITY OF EXIM FINANCING. LEAVING UNCLEAR WHETHER HUNGARY INTERESTED LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 STATE 258837

IN EXIM.

5. CIEP/STR. MEETING HOSTED BY DEPUTY TRADE REPRESENTATIVE HARALD MALMGREN IN ABSENCE EBERLE WHO WAS CALLED TO HILL AT LAST MINUTE TO DISCUSS TRADE BILL WITH FINANCE COMMITTEE. MEETING FOCUSED ON INTERNATIONAL ECONOMIC PROBLEMS, BUT BIRO ALSO MADE PITCH ON MFN. IN THIS CONTEXT MALMGREN EXPLAINED SENATE CONCERN

ON PROBLEMS SUCH AS MARKET DISRUPTION.

6. TREASURY. DURING THIRY-MINUTE COURTESY CALL SECRETARY SIMON STRESSED IMPORTANCT OF GOH REACHING SETTLEMENT WITH U.S. BONDHOLDERS AND NOTED THAT BONDHOLDERS' REP. WOODS WOULD BE IN BUDAPEST SHORTLY FOR FURTHER NEGOTIATIONS.

7. AGRICULTURE. SECRETARY BUTZ STRESSED THAT HUNGARY COULD COUNT UPON U.S. AS RELIABLE SOYBEAN SUPPLIER IN FUTURE. MUCH OF MEETING TAKEN UP WITH DISCUSSION OF PAST ACHIEVEMENTS (INCLUDING CPS AND STEIGER) AND FUTURE PROSPECTS IN AGRICULTURAL TRADE. INTERESTINGLY, BIRO ALSO MENTIONED THAT MEAT PRODUCTS WHICH WERE SOLD TO SOVIET UNION AS RESULT OF EC EMBARGO WERE PAID BY SOVIETS IN DOLLARS. HE INTIMATED DOLLAR TRADE AMONG CEMA COUNTRIES BECOMING MORE IMPORTANT. BIRO AGAIN EXTENDED INVITATION FOR BUTZ TO VISIT HUNGARY. ON THIS BUTZ WAS NONCOMMITTAL, BUT DID EXTEND INVITATION TO HUNGARIAN AGRICULTURE MINISTER DIMENY TO VISIT U.S.

8. STATE. DURING MEETING WITH ACTING SECRETARY INGERSOLL MFN ISSUE COVERED ALONG LINES SIMILAR TO THOSE FOLLOWED IN DENT MEETING. APPARENTLY ALLUDING TO EMIGRATION ISSUE, BIRO ADDED THAT, ALTHOUGH POLITICAL AND ECONOMIC DEVELOPMENTS CAN PROCEED TOGETHER, WE ARE PRESENTLY IN A PERIOD WHEN POLITICAL SITUATION DOES NOT HELP ECONOMIC DEVELOPMENTS. HOWEVER, BIRO WAS OPTIMISTIC ABOUT FUTURE. IN REPLY INTERSOLL STATED HE LOOKED FORWARD TO ENHANCED RELATIONS IN TRADE AS WELL AS POLITICAL AREAS.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 STATE 258837

9. IN RESPONSE TO QUERY BY INGERSOLL REGARDING PROSPECTS FOR HUNGARIAN EXPORTS TO U.S., BIRO STATED HUNGARIANS WISH TO SECURE AND BROADEN EXPORT MARKETS. HE SAID HUNGARIAN PROBLEM IS NOT HOW TO SELL BUT WHAT TO SELL AS DEMAND WAS HIGHER THAN HUNGARIAN EXPORT CAPACITY. HE REITERATED IN CONCLUSION NEED TO ACHIEVE IMPROVED POLITICAL RELATIONS.

10. SENATE. FRANKNESS AND CORDIALITY WERE FEATURES OF MEETING CHAIRED BY SENATOR INOUE. INOUE GAVE HIS OPINION THAT ONCE QUESTION INVOLVING EMIGRATION IS SETTLED, TRADE BILL WILL PASS. SENATOR CANNON TOLD

BIRO TRADE BILL HAD JUST BEEN REPORTED OUT OF FINANCE COMMITTEE TO SENATE FLOOR AND THIS IS STEP

FORWARD. CANNON ALSO EXPRESSED HIS SORROW OVER DEATH OF DEPUTY PRIME MINISTER VALYI WHO HAD PLAYED HOST TO HIM AND HIS COLLEAGUES WHEN THEY WERE IN BUDAPEST.

11. QUESTION OF HUNGARIAN GOLD COINS CAME UP AT ZARB LUNCHEON WITH SZIKLAI. HE GAVE OFF-THE-CUFF VIEW THAT COIN SALES WERE NOT TRADE TRANSACTIONS BUT WERE TRANSFERS OF FUNDS. HE DID NOT LINK PROBLEM WITH CLAIMS AGREEMENT. ALSO STATED COIN SALES NOW BEING HANDLED BY NATIONAL BANK, NOT ARTEX, AND THAT HE WOULD TALK TO FAY OF BANK ABOUT THEM.

12. SOCIAL EVENTS INCLUDED DINNER AND CONCERT (PRESIDENT'S BOX) HOSTED BY SECRETARY DENT, NOVEMBER 19, LUNCHEONS HOSTED BY ZARB OF OMB (DENT AND ROY ASH ATTENDING) AND INGERSOLL (ATTENDED BY DENT, EXIM PRESIDENT CASEY, AND MEMBER OF COUNCIL OF ECONOMIC ADVISORS WILLIAM FELLNER), NOVEMBER 19 AND 20 REPSECTIVELY AND DINNER AT HUNGARIAN EMBASSY (ATTENDED BY DENT AND FELLNER), NOVEMBER 20. THESE EVENTS NOTABLE FOR CORDIALITY OF ATMOSPHERE.

13. DELEGATION LEFT FOR NEW YORK AFTER EMBASSY DINNER. NEW YORK PROGRAM WILL BE REPORTED SEPTEL.

14. MEMCONS ON MEETINGS WILL BE POUCHED TO EMBASSY.  
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 05 STATE 258837

INGERSOLL

LIMITED OFFICIAL USE

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 23 NOV 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** KelleyW0  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974STATE258837  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** JTREICHEL:BFC  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D740339-0988  
**From:** STATE  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1974/newtext/t19741117/aaaaaohp.tel  
**Line Count:** 202  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ORIGIN COME  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 4  
**Previous Channel Indicators:**  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** KelleyW0  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 21 MAY 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <21 MAY 2002 by elyme>; APPROVED <26 MAR 2003 by KelleyW0>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** SUMMARY OF WASHINGTON PORTION OF BIRO VISIT  
**TAGS:** OVIP, HU, (BIRO, JOZSEF)  
**To:** BUDAPEST  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005